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Courtship to Buy Fighter Jets Continues Despite Brazil's Budget Woes

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In recent months, the US, French, and Swedish governments, their aeronautical industries, and even some international media have competed at all levels for Brazil's favors, with the aim of closing an ambitious deal to provide it with 36 latest-generation fighter jets. The first phase of the deal would cost between US$4 billion and US$6 billion, and that is just the beginning of a modernization plan scheduled to conclude in 2020, at which time the Força Aérea Basileira (FAB) will have received the last of the 120 combat planes that will make the South American giant the most militarily powerful country in Latin America (NotiSur, Oct. 16, 2009) and (May 7, 2010). Brazil will also have a fleet of nuclear submarines and will be building, with French technology, a squadron of conventional subs.

The plan, drawn up during the two terms of former President Luiz Inácio Lula da Silva (2003-2011), will certainly face delays because of strong austerity measures announced in mid-February by Brazil's new head of state, President Dilma Rousseff, which call for a 26.5% cutback in defense spending alone. Nevertheless, US company Boeing, France's Dassault, and Sweden's Saab have set their sights on the future and stepped up their lobbying, heedless of the immediate consequences of the public-spending cuts.

The deal was practically sealed last year in favor of the French aeronautics industry, but at the last minute Lula opted to leave the decision for his successor. Various opposition analysts contend that the former president was forced to pass off the decision to Rousseff because of a delicate situation stemming from an enormous increase in public spending to economically unsustainable levels. Experts quoted by the Rio de Janeiro daily O Globo said Lula depleted government coffers with a series of below-the-line expenditures totaling US$165 billion during his second term, 78% more than during his first term.

Other sources said that Lula's abrupt about-face was nothing more than political reprisal against French President Nicolas Sarkozy, who, in May 2010, encouraged Brazil's mediation to regulate Iran's nuclear program and then reversed course, backing a package of sanctions by the UN and the European Union (EU) against the Tehran government.

In May 2010, Lula and Turkish Prime Minister Recep Tayyip Erdogan had convinced Iran to sign an agreement by which it would send its existing uranium to be enriched abroad (in France and Russia). Although the agreement seemed to guarantee that Iran's nuclear plans would be limited to peaceful uses, France nevertheless agreed with the US that the commitment was insufficient. "Lula was snubbed. Sarkozy hung him out to dry," said analyst Lauro Jardim in the magazine .

President Obama visits Brazil

On March 19, US President Barack Obama arrived in Brazil for an official three-day visit. As is customary, in the weeks prior to the visit, diplomats from both countries focused on working out details of the agenda the presidents would address, basically bilateral trade and the possible
participation of US businesses in the exploitation of rich oil fields discovered off the coasts of Rio de Janeiro and São Paulo.

However, the outcome of those meetings was overshadowed by the possible sale of the 36 fighter jets and a particularly sensitive issue for Brazil—its ambitions to become a permanent member of the UN Security Council and consolidate its position as the great regional power it already is, for which US backing is critical.

Days earlier, a Sarkozy spokesperson had tempted the Brazilian government with a related proposal: France would intervene in Brazil's effort to occupy a permanent seat on the Security Council.

On Feb. 9, after the austerity measures had been announced that would forestall any immediate decision on purchasing the planes, Rousseff received US Treasury Secretary Timothy Geithner in Brasília, and Reuters news agency reported that she told him she considered Boeing’s F-18s "the best of the three models of fighter jets for the purpose of enriching the FAB fleet." Moreover, according to Reuters, Rousseff said she was just waiting for US guarantees on technology transfers—a key element in developing the national aeronautics sector—to sign the agreement.

"Normally," the daily was quick to clarify, "that is not something contemplated by US laws and, if it were offered by Boeing, it would be rejected by Congress."

In Paris, the daily got into the act, saying that, if the Reuters story were confirmed, it would be "disastrous news for France."

The official denial was immediate. Brazilian Defense Minister Nelson Jobim, considered a "good ally of the US," said that the president "had made no decision," adding that Rousseff would not venture such an opinion when she was just becoming familiar with the issue and knows that such decisions are made in coordination with the Conselho de Defesa Nacional (CDN), "as occurred with the submarines."

Five days later, on a visit to Argentina, Jobim was categorical and sharp with the British agency. "Dilma has made no decision; for obvious reasons, it was Boeing that said that, and I'd like to know why it was reproduced by certain press agencies, knowing that it was false."

Technology transfer key to any sale

Despite Jobim's unequivocal denial and with the Ministério da Defesa and highest echelons of the FAB all denying having received so much as an insinuation that the US would be willing to provide technology transfers, on Feb. 17, Frank Mora, deputy assistant secretary of defense for Western Hemisphere affairs, said that the US "had made Brazil a robust proposal to acquire Boeing’s F-18 Super Hornet" and that the offer included a "significant technology transfer that would put Brazil at par with our close partners."

In a direct quote by German news agency Deutsche Press-Agentur (DPA), the Pentagon official for the region told a US Senate hearing that the offer deals with "technology that has been provided only to our closest allies and partners, which is a clear indication of the strength of our partnership with Brazil." DPA also reported that Mora said that Brazil should not doubt the US because the offer "shows our real commitment, not only with the aircraft sale but also with a real decision to increase and deepen bilateral relations in defense matters."
Six days later, the DPA quoted US Secretary of State Hillary Clinton as telling Brazil's Foreign Relations Minister Antônio Patriota that the US admires "Brazil's growing global leadership" and thus the issue of it becoming a permanent member of the Security Council "is on our agenda."

Jobim downplayed Mora's statements, and Patriota responded to Clinton, saying that she "gave a very positive answer," but adding that what Brazil "would like to see is the US be part of a deep reform to [the Security Council], which would bring a larger number of permanent members to that body, especially members who are part of the developing world."

Meanwhile, France continued playing its cards. On Feb. 22, then foreign relations minister Michèle Alliot-Marie sent Rousseff a personal invitation from Sarkozy to visit Paris "as soon as possible." In a joint press conference with Patriota the same day, she said that, "if Brazil leans toward our Rafale planes, produced by Dassault, we are going to transfer all the plane's technology so that Brazil can have autonomy to make the eventual needed modifications and sell the modified planes to other countries." The minister referred to the agreement for building nuclear subs and said, "We are the only country that offers that. None other does."

Three weeks earlier, following Saab's lead, Dassault brought Luiz Marinho, mayor of São Paulo state's industrial hub of São Bernardo do Campo, to its Bordeaux plant to observe the factory where the Rafale is built and even take a test flight in a fighter jet that is the pride of the French aeronautics industry. Marinho is neither a pilot nor a member of the military nor a businessman; he is a long-time leader of the metallurgy union, but he has other qualities. Together with Lula, he founded the governing Partido dos Trabalhadores (PT) and the Central Única dos Trabalhadores (CUT); he was twice a minister in Lula's Cabinet; and he is one of the closest advisors to the former president and Rousseff. Also, São Bernardo do Campo already has Saab and Dassault plants.

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